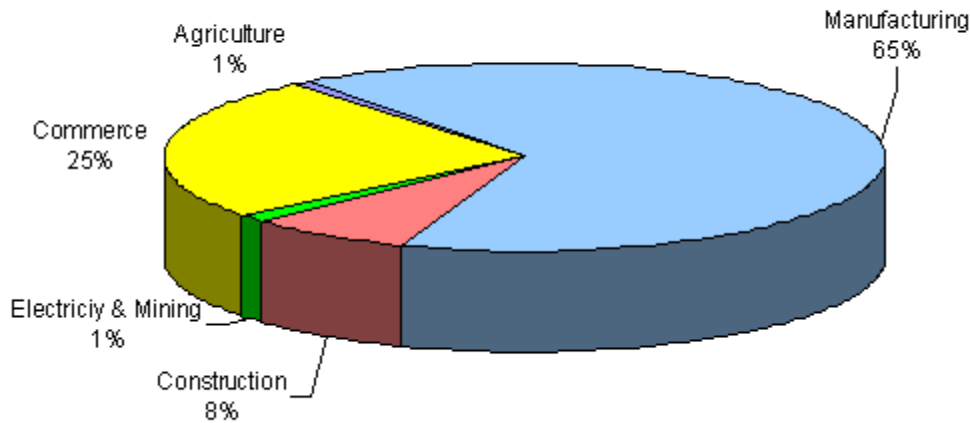


## Economic Overview - El Paso/ Cd. Juarez Border Region - Labor Force

### EMPLOYMENT BY INDUSTRY – JUAREZ, MEXICO



Source: Direccion General de Promocion Financiera Y Economica 2001

- Technical institutes throughout the State of Chihuahua are graduating business administration and engineering students.
- High schools and vocational institutions in Juárez are providing students with the necessary skills and education for today's Maquiladora industry

### Mexican Minimum Wage Calculation

Pesos

U.S. Dollars

<b>Minimum Wage/daily</b>	\$43.58	\$4.15
<b>Salary Composition</b>		
Base annual salary (minimum wage * 365 days)	\$15,931.97	\$1,517.33
Christmas bonus (15days * minimum wage)	\$654.66	\$62.35
Vacation bonus (25% of 6 days x minimum wage)	\$65.42	\$6.23
<b>Total Salary</b>	<b>\$16,652.05</b>	<b>\$1,585.91</b>
<b>Taxes and Required Fringe Benefits</b>		
Paid by Employer		
<b>Housing (5%)</b>	\$832.55	\$79.29
<b>Social Security (IMSS)</b>		
Employer Contribution (25%)	\$3,290.49	\$313.38
Professional Risk (40%)	\$3,796.70	\$361.59
Nursery (1%)	\$166.42	\$15.85
Retirement Fund (2%)	\$332.95	\$31.71
State Payroll Tax (2%)	\$346.29	\$32.98
<b>Total Taxes</b>	<b>\$8,765.40</b>	<b>\$834.80</b>
<b>Additional Fringe Benefits - Optional</b>		
Savings Fund (13%)	\$2,3154.57	\$220.53
Cafeteria Bonus	\$746.86	\$71.13
Transportation Bonus	\$200.34	\$19.08
Attendance Bonus	\$428.40	\$40.80
Punctuality Bonus	\$315.63	\$30.06
<b>Total Benefits</b>	<b>\$4,006.80</b>	<b>\$381.60</b>

Source: Desarrollo Economico , May 2003

Note: Exchange rate is calculated t 10.5 pesos to the dollar

This figure is complete as far as the Mexican government is concerned; however, most employers pay between 60 percent and 90 percent above this wage in a number of ways: productivity bonuses, savings plans, etc. Most maquilas work 45 hours per week, from Monday – Friday (9 hours per day).

The minimum daily wage applies to U.S.-Mexico border cities in geographic Zone A which includes Baja California Norte, Baja California Sur, Juarez, Chihuahua, Distrito Federal, Acapulco, Guerrero, Nogales, Sonora, Nuevo Laredo, Tamaulipas, Matamoros, Mazatlan, Sinaloa, Coatzacoalcos and Veracruz.

#### Juarez Monthly Wage Survey

<b>Occupation</b>	<b>Pesos</b>	<b>U.S. Dollars</b>
Bilingual Secretary	\$11,356.69	\$1,081.59

Quality Engineer	\$17,206.04	\$1,638.67
Bilingual Receptionist	\$12,358.71	\$1,177.02
Production Supervisor	\$16,657.28	\$1,665.73
Training Coordinator	\$31,336.31	\$1,605.09
Purchasing Manager	\$36,397.83	\$2,984.41
Materials Manager	\$3,136.25	\$3,466.46
Quality Control Inspector	\$3,136.25	\$298.69
Materials Expeditor	\$10,196.76	\$971.12
Data Entry Clerk	\$5,338.70	\$448.23

Source: Desarrollo Economico May 2003

Exchange rate is calculated at 10.5 pesos to the dollar

### Labor Laws

Mexican labor laws are extremely detailed. A qualified Mexican attorney can outline these laws specifically. Following is a brief description of some of the laws:

- Mexican labor laws do not require forming a union. Either individual or collective contracts may be made with the workers. Certain standard stipulations are required in individual contracts. Collective contracts are much the same as they are in the United States; they are bargained between labor and management and follow provisions set out by the labor laws.
- Mexican federal government establishes the daily minimum wage as well as certain employer-paid fringe benefits and adjusts it annually.
- The day shift is 48 hours per week, and the second shift is 45 hours per week. Overtime pay is at a rate of two times the regular rate and a worker cannot be required to work overtime for more than nine hours per week. Workers will receive the seventh day off with pay at the same rate as a working day. Work performed on Sunday, or holidays, is at least 25 percent above usual salary.
- Seven working days paid vacation are allowed for the first year of service, and two days are added every additional year for the next three years allowing a total of 12 days paid vacation. Two additional days with pay are added every five years.
- There are seven legal holidays per year.
- After one year of employment, an annual Christmas bonus must be paid on or before December 20. Employees with less than one year of service will be paid a bonus proportional to time worked.

- Social Security in Mexico covers medical care, hospitalization, surgery, as well as old age and unemployment compensation. The rates depend on the labor or work classification.
- Mexico has a profit-sharing program whereby all employees participate in the profits of companies that have been in operation for more than one year. Profit sharing depends on the proportionate amount of capital investment and the size of payroll.